TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 1988 – SB 2033

March 29, 2022

SUMMARY OF BILL: Creates a voluntary quality-based grant program for nursing homes not participating in TennCare.

FISCAL IMPACT:

Increase State Expenditures - $1,674,100/FY22-23
$1,669,000/FY23-24 and Subsequent Years

Other Fiscal Impact - The proposed legislation may result in a jeopardy of federal funds for violations of the requirements of 42 CFR 433.50 et seq.

Assumptions:

- In order to properly implement the proposed legislation, the Department of Health (DOH) will require one additional Health Facilities Program Manager 1, resulting in a recurring increase in state expenditures of $74,429 ($57,888 salary + $16,541 benefits), a recurring increase of $7,900 for administrative cost allocation, and a one-time increase of $5,100 for office equipment.
- According to information provided by DOH, it is estimated that 20 facilities with 75 beds each will be eligible for the grant awards, for a total of 1,500 beds (20 x 75).
- The annual grant is assumed to be approximately $1,000 per bed. Therefore, the recurring increase in state expenditures is estimated to be $1,500,000 (1,500 x $1,000).
- DOH will contract with the University Minnesota to perform surveys on DOH's behalf, similar to the contract with the University of Minnesota that TennCare's Quality Improvement in Long Term Services and Supports program currently has. TennCare's contract with the University of Minnesota has a maximum liability of $1,300,000 for 300 survey facilities. Therefore, it is estimated DOH's contract will result in a recurring increase in state expenditures of 86,667 [($1,300,000 / 300 facilities) x 20 facilities].
- The total increase in state expenditures will be $1,674,096 ($74,429 + $7,900 + $5,100 + $1,500,000 + $86,667) in FY22-23 and $1,668,996 ($74,429 + $7,900 + $1,500,000 + $86,667) in FY23-24 and subsequent years.
- The proposed legislation may jeopardize federal funding, per federal code 42 CFR 433.50 et seq., which requires that all providers within an applicable provider class be taxed. Non-Medicaid providers cannot be excluded from or have their tax burden reduced, which would result in the tax or assessment to disproportionately burden Medicaid providers.

- Assuming the proposed legislation results in the violation of federal provisions, and therefore in the invalidation of the TennCare nursing facility reimbursement, this would lead to a loss of state revenue up to $401,729,685.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista Lee Carsner

Krista Lee Carsner, Executive Director

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